

Statement by
Neil Olsen, Executive Vice President
Farm Credit Services of America
Before
Farm Credit Administration
Public Meeting on Farm Credit System Service to
Young, Beginning and Small Farmers
November 13, 2002
Kansas City, Missouri

Good morning Mr. Chairman and members of the Board. My name is Neil Olsen. I am executive vice president of Farm Credit Services of America. I want to begin by thanking you for the opportunity to appear before you this morning. We appreciate the opportunity to come before you and members Jorgensen and Flory to talk about what we are doing for young and beginning producers in our area.

Farm Credit Services of America provides loans and financial services to more than 50,000 agricultural producers, rural residents and agricultural businesses in Nebraska, Iowa, South Dakota and Wyoming. Headquartered in Omaha, Nebraska, we are owned and governed by the farmers we serve. At the end of September this year, we had over \$6.5 billion invested in agriculture and rural communities.

Mr. Chairman, our vision is to be trusted, to be chosen and to make a difference in our customers lives and operations. The Farm Credit Act clearly defines our purpose to provide a cooperatively owned and controlled system of credit for agriculture which will be responsive to the credit needs of all types of agricultural producers having a basis for credit. For Farm Credit Services of America, agriculture isn't just something we do, it's *everything* we do. So, it's easy to understand the vested interest we have in the future of agriculture; a future, which will be influenced and shaped by America's next generation of farm and ranch operators. The growth and success of the young and beginning producer helps ensure the long-term viability of agriculture and our cooperative.

Mr. Chairman, our Board of Directors fully supports the initiatives we are undertaking to assist this segment of agriculture. They know the value and importance of helping the next generation of farmers and ranchers because they too once started young and small. Transitioning agriculture to the next generation is important to everyone.

Let me share with you a few numbers that will put the scope of our activities into perspective. Of our 50,000 customers, approximately 7,000 of them are young (10%) and beginning (9%) producers. That's about 15 percent of our total customers and 10 percent of our loan volume – statistics we've maintained for the past four years. That's also more than 19% of the total young and beginning producers in our market area and over \$570 million in loan volume.

In the past few years, we've crossed significant milestones in our commitment to serving the financial needs of young and beginning producers. The broad range of financial products and services have proven to be successful and continue to expand.

Let me describe the key elements of the services we offer to young and beginning producers. Many producers under age 35, or with less than 10 years farming or ranching experience meet our traditional loan approval standards – they have sufficient capacity, credit history or family financial backing. We serve these customers with our conventional loans and insurance services.

Young and beginning producers also benefit from modified credit approval standards in our Outreach loan program called AgStart. It's a special lending program that has helped nearly 190 producers get started in this industry on their own.

A new feature of our Young and Beginning Producer program is a Business Education Reimbursement practice. We partner on tuition and costs for young and beginning producers to take business classes and financial management education courses. Our plan

is to set aside \$250,000 annually to assist young and beginning producers because it's important to their long-range financial success.

Our Youth in Agriculture Loans offer even younger, future producers first-hand experience in business planning and farm financing through individual student project loans, up to \$1,500 a year. We've loaned more than \$850,000 to some 650 FFA and 4-H students for projects in the last three years.

We have also donated more than \$100,000 annually for state FFA conventions, state 4-H activities and agricultural leadership programs through our sponsorships. And, each year we award \$1,000 scholarships to students studying agriculture at land grant universities in the four states we serve.

Our commitment to this industry segment is evident in the success of our efforts, which is driven by the goals we have set for our Association. We expect every one of our 45 retail offices to participate in the Youth in Agriculture program. Each of our 175 financial officers is expected to maintain a minimum of three Outreach loan relationships. We will serve 22 percent of the young and beginning producers in our market area by the end of 2005. And, long-term, we will serve 25 percent of young and beginning producers in our market area.

Mr. Chairman, one of the greatest challenges for young and beginning producers is not access to affordable credit, it's finding success and profitability in agriculture and non-farm employment opportunities in rural areas. We have all the tools and resources we need to serve this market.

Thank you for the opportunity to testify today. We are proud to serve the young and beginning segment of our industry. We firmly believe that our efforts are making a difference for young and beginning producers in their ability to acquire the financing and educational tools they need. Thank you.